



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

M6210008

0003

March 24, 2009

Palladon Iron Corporation  
Iron Bull Mining and Milling  
2708 S. Comstock Rd  
Cedar City, UT 84720

Subject: Approval of Amended Notice of Intention to Commence Large Mining Operations (NOI) and Reclamation Surety, Palladon Iron Corporation, Iron Mountain Mine, M0210008, Iron County, Utah

Dear Mr. Yeomans:

The Division has received the reclamation surety for the Iron Mountain Mine and two copies of the amended NOI. The Division now permits you to begin mining operations as outlined in your amended large mining notice. The permitted disturbed area is now 482.7 acres. A copy of the executed surety documents will be forwarded to the BLM field office for their records. The surety will be reviewed periodically to assure that the bond remains adequate.

The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations.

Enclosed are copies of the signed surety bond forms for your files. Also enclosed is a copy of the "approved" amendment for your files.

All future correspondence should reference M0210008. Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

Paul Baker  
Minerals Mining Manager

PB:tm:vs

Enclosure

cc: [opic\\_abeyta@blm.gov](mailto:opic_abeyta@blm.gov)

[ed\\_ginuouves@blm.gov](mailto:ed_ginuouves@blm.gov)

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0003

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MININGMODIFICATION OF ATTACHMENT A  
TO THE  
RECLAMATION CONTRACTName of Operator: Palladon Iron CorporationPermit Number: M0210008Mine Name: Iron MountainPhone Number: (801) 521-5252

Per the executed reclamation contract, the surety agreement for reclamation obligation is included as Attachment A to the reclamation contract as follows:

*Check the boxes that apply to this form:*

Surety:

- ☐ Decrease  
☒ Increase  
☐ Replacement

Reason:

- ☒ Amendment to NOI  
☐ Cancellation/ Termination of surety  
☐ Escalation  
☐ Partial Release of surety  
☐ Other  
Explain: Expanding

Surety Dollar Amount Associated With This Action: \$55,200.00Surety Aggregate Amount: \$1,481,200.00

**Included in this modification (surety must be attached)**

Instrument(s):

- |  |                                    |
|--|------------------------------------|
| <input type="checkbox"/> Corporate Surety          | <input type="checkbox"/> Rider     |
| <input type="checkbox"/> LOC Letter of Credit      | <input type="checkbox"/> Amendment |
| <input type="checkbox"/> CD Certificate of deposit | <input type="checkbox"/> Addendum  |
| <input checked="" type="checkbox"/> Cash           | <input type="checkbox"/> Other     |
| Explain:   |                                    |

Other surety not affected by this modification will remain part of Attachment A and labeled as such.  
This Modification will be effective as of the last date signed below

Annyjanine F. Etzel Annyjanine F. Etzel CFO  
Authorized Officer Signature Printed Title

3/12/09  
Date

John R. Baza  
Division Director John R. Baza  
Utah Division of Oil, Gas and Mining

3/18/09  
Date

THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT BORDER. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.



# CASHIER'S CHECK

No. 3920501363

93-38  
929

DATE: MARCH 13, 2009

PAY

FIFTY FIVE THOUSAND TWO HUNDRED DOLLARS AND 00 CENTS

\$ 55,200.00

TO THE  
ORDER OF: UTAH STATE TREASURER

PURPOSE/REMITTER: DOGM PERMIT # M0210008

PALLADON IRON CORPORATION

Location: 3920 MIDDTOWN

U.S. Bank National Association  
Minneapolis, MN 55480

AUTHORIZED SIGNATURE

Form MR-REV-att (DOGM - Revise/Amend Change Form)  
(Revised September 14, 2005)

## Application for Mineral Mine Plan Revision or Amendment

<b>Operator:</b> Palladon Iron			
<b>Mine Name:</b> Comstock/Mountain Lion		<b>File Number:</b> M/ 021 / 008	
Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. Include page, section and drawing numbers as part of the description.			
DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN			
			DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED
9 ADD	9 REPLACE	9 REMOVE	IM-0100-3f.6
9 ADD	9 REPLACE	9 REMOVE	Increase the bond area by 17.72 Acres
9 ADD	9 REPLACE	9 REMOVE	Page 26 of the Mining and Reclamation Program
9 ADD	9 REPLACE	9 REMOVE	Page 41a of the Mining and Reclamation Program
9 ADD	9 REPLACE	9 REMOVE	
9 ADD	9 REPLACE	9 REMOVE	
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9 ADD	9 REPLACE	9 REMOVE	

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

*Bruce W. Yeomans*

Print Name

*Bruce W. Yeomans - Mine Manager*

Sign Name, Position

*3/12/09*  
Date

APPROVED

Return to:

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1200 DIV. OIL GAS & MINING  
Box 145801  
Salt Lake City, Utah 84114-5801  
Phone: (801) 538-5291 Fax: (801) 359-3940

FOR DOGM USE ONLY:

File #: M/ /

Approved: \_\_\_\_\_

Bond Adjustment: from (\$) \_\_\_\_\_  
to \$ \_\_\_\_\_

O:\FORMS\MR-REV-att.doc



**Palladon Iron Corporation • Iron Bull Mining & Milling**  
2708 S. Comstock Rd  
Cedar City UT, 84720

**Phone: 435.572.4531**  
**Fax: 435.572.4836**

March 11, 2009

Mr. Tom Munson  
Division of Oil, Gas, and Mining  
1594 W. North Temple  
Salt Lake City, UT 84116

**RE: M/021/008: Submittal of MR-REV stating an increase in the bonded area by 17.72 acres on the Comstock/Mt. Lion Property.**

Dear Mr. Munson:

Enclosed is a Form MR-REV, which outlines the additional bonded area of **17.72 acres**. Also enclosed is a revised copy of the IM-0100-3f.6 map, showing the newly bonded area. Revised pages 26 and 41a of the Mining and Reclamation Program are also enclosed.

The newly bonded area is located on pre-disturbed land, with piles of lean ore already covering the area. This will be the new site for a lean ore stockpile. The iron ore that is, and will be stockpiled there is composed of the same material that is already permitted in the existing Mining and Reclamation Program, so no variances to reclamation are requested.

Please call me if you have any questions.

Sincerely,

Bruce Yeomans  
Mine Manager

**APPROVED**

**MAR 18 2009**

DIV. OF OIL, GAS & MINING

encl: Clean copies of text, maps, DOGM Amendment form

**RECEIVED**

**MAR 16 2009**

Div. of Oil, Gas & Mining

0004

Inter. Wheatgrass	Agropyron Intermedium	2.0
Ladac Alfalfa	Medicago Sativa	2.0
Yellow Sweetclover	Melilotus Officinalis	1.5
Small Burnett	Sangvisorba Minor	2.0
Palmer Penstemon	Penstemon Palmeri	0.5
Rabbitbrush	Chrysothamnus Nauseous	0.5
Curleaf Mtn. Mahogany	Cercocarpus Ledifolius	1.0
Bitterbrush	Purshia Tridentata	1.0
Mountain sagebrush	Atemisia Tridentata Vaseyana	0.1
Forage kochia	Kochia Prostata	0.5
	Totals	16.6

\* Plant names are the same as is written in original 1995 version.

When drill seeded, the broadcast rate will be reduced by 1/3.

The operator will reserve the right to alter this seed mix depending on relative availability of the seed.

If such an eventuality arises, DOGM will be duly notified.

#### 10.0 ENVIRONMENTAL IMPACT ASSESSMENTS FOR AREAS NOT PREVIOUSLY PERMITTED

Due to a Revision to this NOI in 2009, an additional 17.72 acres have been bonded as a location for lean ore stockpiles. The area chosen can be seen on the Drawing IM-0100-3f sheet 6 of 6. This area was chosen because it is pre-disturbed, with piles of lean ore already covering the area. Because of this, no further environmental impacts will be caused. The material that will be stockpiled is composed of the same material (iron ore) that is already permitted, so no variances to the reclamation plan are needed.

Due to a Revision to this NOI approved in 2008, the South Waste Dump will be extended by 60.4 acres into the S ½ SE ¼ Section 30 and the N ½ NE ¼ Section 31, T36S, R13W. Approximately 48 acres of this is on lands bonded in 2008, while 12.4 acres is expansion within previously bonded area. An additional 3.6 acres that was previously bonded but not disturbed will be used for topsoil storage. A total of 64 acres will be disturbed to develop the South Waste Dump extension. These lands are all shown on Figure IM-0100-3, IM-0100-3f, IM-0100-12, and IM-010013.

The estimated number of acres to be disturbed and reclaimed per year for this waste dump expansion beyond what was disturbed as of July 2005 is listed below, by year:

YEAR	DISTURBED ACRES	RECLAIMED ACRES
2008	10	0
2009	43	0
2010	11	0
2011	0	0
2012	0	0
TOTAL	64	0

Reclamation will not commence until after the dump is at its final configuration, which will not occur until after this five-year term is complete. Topsoil salvage and storage, and reclamation procedures for the South Waste Dump are described on pages 37 through 38 of this NOI. The post-mining topography for the waste dump is shown on Figure 0100-13, and cross-sections are shown on Figure 0101-9.

The following impacts of disturbance are expected (U.S. BLM, 1984).

- Impacts to soils and vegetation will be moderate as previously discussed. After reclamation, a cover of native shrubs and grasses will be established on the disturbed areas, recognizing that certain Pre-Act areas may require a variance due to lack of any vegetative or

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The current surety held by Palladon is \$1,299,100.00, as requested by DOGM in a memo dated February 1, 2005. This value has been increased due to various factors that are explained below. The calculations used to arrive at the revised bond amount are at the front of Appendix A.

A reclamation credit of \$52,510.00 has been taken for those old Geneva structures that are shown on the 1995 drawings that have been demolished as of 2006. This credit was figured by determining the percent increase in the bond between 1995 (when the last detailed bond analysis was done) and 2005 (when DOGM approved the transfer of the mine to Palladon). This was a 31 percent increase. Thus, buildings that were bonded at \$0.19 per cu. ft. in 1995 were assumed to be bonded at (\$0.19/cu. ft. x 31 percent = \$0.25/cu. ft.) in 2005 and 2006 when the buildings were demolished.

A reclamation cost increase of \$29,842.00 has been added to the reclamation liability for those structures that have been or will be constructed since 1995. This bond liability increase is based on \$0.31/cu ft, and is derived from RS Means data for 2008. The locations and sizes of the 17 structures that were demolished or constructed are shown on Drawing IM-Load out.

An additional **48.0 acres** will be disturbed by the extension to the south of the Comstock Waste Dump. The average cost per acre for reclamation liability is \$3,115.00. This figure, applied to the **48** new disturbance acres, increases the bond liability by **\$149,537.00**. The new area to be disturbed is identified in Drawings IM-0100-3, sheet 6 of 6 and IM-0100-3f, sheet 6 of 6.

An additional **17.72 acres** will be bonded to allow for the construction of a lean ore stockpile. The area is pre-disturbed, with existing piles of lean ore already covering the area. The average cost per acre for reclamation liability is \$3,115.00. This figure, applied to the 17.72 new disturbance acres, increases the bond liability by **\$55,197.80**. The new area to be disturbed is identified in Drawing IM-0100-3f, sheet 6 of 6.

The total bond liability for Palladon mine for the next 5-year term commencing in 2008 is **\$1,426,000.00, an increase of \$126,900.00** which also accounts for a credit for the previous demolition from the reclamation bond amount set by DOGM in 2005.

Calculations and descriptions of reclamation requirements are included in Appendix A. An updated reclamation liability summary sheet based on the 2005 correspondence from DOGM that covers the changes noted in the paragraph above is included at the beginning of that appendix. A summary of each of the disturbance areas and factors relevant to the reclamation status (pre-act disturbance, etc.) is found in Section 12.2. Backup information for purposes of volume calculations is also found in Drawings IM-0101-1 through IM-0101-8. Geneva understands that

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